

**DEPARTMENT OF STATE REVENUE**

**LETTER OF FINDINGS NUMBER: 99-0535P**

**Use Tax  
Calendar Years 1996**

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**ISSUE(S)**

I. **Tax Administration** – Penalty

**Authority:** IC 6-8.1-10-2.1(d); 45 IAC 15-11-2

Taxpayer protests the penalty assessed.

**STATEMENT OF FACTS**

Taxpayer is a contractor who performed one construction job in Indiana during 1995 and 1996. Taxpayer protests the penalty assessed on an audit completed on June 11, 1999.

Taxpayer failed to self assess use tax on clearly taxable items and was not registered to collect it.

1. **Tax Administration** – Penalty

**DISCUSSION**

Taxpayer requests the department waive its negligence penalty because it was the first construction job in Indiana and it was not aware of the tax laws, especially those pertaining to sub-contractors. Taxpayer further states that the Indiana rules are quite different from its home state.

Taxpayer's audit revealed that it was the primary lump sum contractor for a construction project in Indiana. The taxpayer failed to pay sales tax or self assess use tax on construction materials and tangible personal property used on a lump sum job in Indiana. Taxpayer was registered for out of state use tax during the audit.

Taxpayer has not provided reasonable cause to allow the department to waive the negligence penalty. When doing business in this state, a taxpayer must make itself aware of the tax laws of Indiana. Failure to do so is considered negligent.

**FINDING**

Taxpayer's protest is denied.